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DEC 16 2004

SECRETARY, BOARD OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR)
AGENCY ACTION OF BILL BARRETT)
CORPORATION FOR AN ORDER SUSPENDING)
APPLICATION OF UTAH ADMIN. CODE)
RULES R649-3-2, R649-3-10 AND R649-3-11 (1))
AND (2) INsofar AS THEY PERTAIN TO)
LANDS WITHIN THE PRICKLY PEAR)
FEDERAL EXPLORATORY UNIT, COVERING)
PORTIONS OF TOWNSHIP 12 SOUTH,)
RANGES 14 AND 15 EAST, AND TOWNSHIP 13)
SOUTH, RANGE 15 EAST, SLM, CARBON)
COUNTY, UTAH)

**FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER**

Docket No. 2004-021

Cause No. 256-1

This cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, December 1, 2004, at the hour of 10:00 a.m. The following Board members were present and participated at the hearing: Chairman W. Allan Mashburn, Robert J. Bayer, Stephanie Cartwright, Douglas E. Johnson, J. James Peacock and Kent R. Petersen. Board member Samuel C. Quigley was unable to attend. The Board was represented by Michael S. Johnson, Esq. and Stephen E. Schwendiman, Esq., Assistant Attorneys General.

Testifying on behalf of Petitioner Bill Barrett Corporation ("BBC") was Tab McGinley, Senior Landman. Frederick M. MacDonald, Esq., of and for Pruitt Gushee, a Professional Corporation, appeared as attorney for BBC.

Testifying on behalf of the Division of Oil, Gas and Mining (the "Division") was John R. Baza, Associate Director – Oil and Gas. Alison D. Garner, Esq., Assistant Attorney General, appeared as attorney on behalf of the Division.

During the hearing, BBC agreed and stipulated that: (1) if granted, its Request for Agency Action would only apply to committed lands within the Prickly Pear Federal Exploratory Unit (the "Unit") Area; and (2) it and any successor operator of the Unit will provide the Division a plat or sketch showing the distance from the surface location to section and lease lines and the target location within the intended producing interval with any application for permit to drill filed for a well to be directionally drilled in the Unit Area. With these stipulations, the Division expressed its support for the granting of the Request for Agency Action at the conclusion of its presentation.

No other party filed a response to BBC's Request for Agency Action and no other party appeared or participated at the hearing.

The Board, having considered the testimony presented and the exhibits received into evidence at the hearing, being fully advised, and for good cause, hereby makes the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. BBC is a Delaware corporation, with its principal place of business in Denver, Colorado. BBC is duly qualified to conduct business in the State of Utah, and is fully and appropriately bonded with all relevant Federal and State of Utah agencies. BBC currently serves as operator of the Unit.

2. The following Carbon County lands comprise the Unit Area:

Township 12 South, Range 14 East, SLM

Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 23: N $\frac{1}{2}$, SE $\frac{1}{4}$
Section 24: All
Section 25: N $\frac{1}{2}$, SE $\frac{1}{4}$

Township 12 South, Range 15 East, SLM

Section 3: SW $\frac{1}{4}$
Section 7: Lots 1 (23.51), 2 (23.62), 3 (23.72)
and 4 (23.83), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 18: Lots 1 (24.08), 2 (24.65), 3 (25.23)
and 4 (25.81), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 19: Lots 1 (26.28), 2 (26.63), 3 (26.99)
and 4 (27.34), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All

Section 29: All
Section 30: Lots 1 (27.61), 2 (27.78), 3 (27.96)
and 4 (28.13), E½W½, E½ [All]
Section 31: Lots 1 (28.39) and 2 (28.79), E½NW¼,
NE¼ [N½]
Section 32: All
Section 33: All
Section 34: All
Section 35: All
Section 36: All

Township 13 South, Range 15 East, SLM

Section 2: Lots 1 (38.63), 2 (38.47), 3 (38.29)
and 4 (38.13) S½S½ [All]
Section 3: Lots 1 (37.96), 2 (37.80), 3 (37.64)
and 4 (37.48), S½S½ [All]
Section 4: Lots 1 (37.30), 2 (37.11), 3 (36.91)
and 4 (36.72), S½S½ [All]
Section 5: Lots 1 (36.52), 2 (36.32), 3 (36.12)
and 4 (35.92) S½S½ [All]
Section 8: N½, SE¼
Section 9: W½

(containing 25,627.67 acres, more or less).

3. All lands within the Unit Area currently are not covered by any Board spacing order.

4. The Unit was approved effective January 28, 2002, and is administered by the United States Bureau of Land Management ("BLM").

5. All oil and gas in any and all formations underlying the committed tracts within the Unit Area are unitized. Approximately 7.08% of the Unit Area is deemed by the BLM not to be committed at this time.

6. Paragraph 16 of the Unit Agreement expressly requires the Unit Operator (currently BBC) to produce unitized substances, and conduct all operations to provide for the most economical and efficient recovery of said substances, without waste, as defined by or pursuant to State or Federal law or regulation.

7. Well location and density patterns within the Unit Area are determined in accordance with the terms of the Unit Agreement and, in particular, the annual plans of Unit development approved by the BLM. Drilling applications are approved by both the BLM and DOGM.

8. The Unit Area contains topographical, cultural, archaeological and environmental constraints which will prohibit the Unit Operator from locating numerous wells within the allowed "window" as prescribed in Utah Admin. Code Rule R649-3-2. Many wells may, in addition, have to be directionally drilled due to these same constraints.

9. A copy of the Request for Agency Action was mailed to all working interest owners within the Unit Area as disclosed by the appropriate Federal, State and County realty records, as well as to the BLM and the Utah School and Institutional Trust Lands Administration.

10. Notice was duly published in the Salt Lake Tribune, Deseret Morning News and Price Sun Advocate as required by Utah Admin. Code Rule R649-106-100.

11. The vote of the Board members present in the hearing and in this cause was unanimous in favor of granting the Request for Agency Action.

CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the hearing was properly given to all interested parties in the form and manner as required by law and the rules and regulations of the Board and Division.

2. The Board has jurisdiction over all matter covered by the Request for Agency Action and all interested parties therein, and has the power and authority to render the order herein set forth pursuant to Utah Code Ann. § 40-6-5(3)(b) and Utah Admin. Code Rule R649-2-3.

3. The conservation of oil and gas and the prevention of waste are accomplished by operations conducted in accordance with the terms of the Unit Agreement.

4. In the absence of any Board spacing orders covering the Unit Area, the lands are subject to the general statewide well siting and directionally drilling rules (Utah Admin. Code Rules R649-3-2, R649-3-10 and R649-3-11).

5. To account for the topographical, cultural, archaeological and environmental constraints in the Unit Area, suspension of Utah Admin. Code Rules R649-3-2, R649-3-10 and R649-3-11(1) and (2) insofar as they apply to the committed tracts only within the Unit Area is fair, reasonable and justified with the following provisions:

(a) no future well within the Unit Area may be located closer than 460 feet from the Unit boundary or from the boundary of an uncommitted tract within the Unit Area without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3;

(b) no future well may be directionally drilled if any portion of a 460 foot radius along the projected wellbore encompasses a Unit boundary or the boundary of an uncommitted tract with the Unit Area without approval of the Division or Board in accordance with Utah Admin. Code Rules R649-3-3 and R649-3-11;

(c) BBC and any successor as Unit Operator shall provide the Division a plat or sketch showing the distance from the surface location to section and lease lines and the target location within the intended producing interval with any application for permit to drill filed for a well to be directionally drilled in the Unit Area; and

(d) This suspension shall remain in effect only for committed lands which remain part of the Unit. Upon Unit contraction or termination, lands eliminated from the Unit shall once again become subject to the applicable rules.

6. BBC has sustained its burden of proof, demonstrated good cause, and satisfied all legal requirements, including those set forth in Utah Admin. Code Rule R649-2-3, for the granting of its Request for Agency Action.

7. The relief granted hereby will result in the orderly development and greatest recovery of Unitized oil and gas, prevent waste and adequately protect the correlative rights of all affected parties in the Unit Area.

ORDER

Based upon the Request for Agency Action, testimony and evidence submitted, and the findings of fact and conclusions of law stated above, the Board hereby orders:

1. The Request for Agency Action in this cause is granted.

2. Utah Admin. Code Rules R649-3-2, R649-3-10 and R649-3-11(1) and (2) are suspended insofar as they apply to the committed tracts only in the Prickly Pear Federal Exploratory Unit Area as described above; provided, however, that:

(a) no future well within the Unit Area may be located closer than 460 feet from the Unit boundary or from the boundary of an uncommitted tract within the Unit Area without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3;

(b) no future well may be directionally drilled if any portion of a 460 foot radius along the projected wellbore encompasses a Unit boundary or the boundary of an uncommitted tract with the Unit Area without approval of the Division or Board in accordance with Utah Admin. Code Rules R649-3-3 and R649-3-11;

(c) BBC and any successor as Unit Operator shall provide the Division a plat or sketch showing the distance from the surface location to section and lease lines and the target location within the intended producing interval with any application for permit to drill filed for a well to be directionally drilled in the Unit Area; and

(d) This suspension shall remain in effect only for committed lands which remain part of the Unit. Upon Unit contraction or termination, lands eliminated from the Unit shall once again become subject to the applicable rules.

3. Pursuant to Utah Admin. Code Rule R641 and Utah Code Ann. § 63-46b-6 to -10, the Board has considered and decided this matter as a formal adjudication.

4. This Order is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Administrative Procedures Act, Utah Code Ann. § 63-46b-10 and Utah Administrative Code Rule R641-109.

5. Notice re: Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63-46b-10(e) to - 10(g), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order issued. Utah Code Ann. § 63-46b-14(3)(a) and - 16. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63-46b-13, entitled, "Agency Review - Reconsideration," states:

(1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the

person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Id. The Board also hereby notifies the parties that Utah Admin. Code Rule R641-110-100, which is part of a group of Board rules entitled, "Rehearing and Modification of Existing Orders," states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of the month.

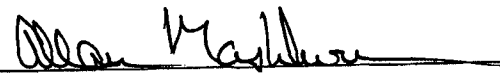
Id. See Utah Admin. Code Rule R641-110-200 for the required contents of a petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63-46b-13 and the deadline in Utah Admin. Code Rule R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

6. The Board retains continuing jurisdiction over all the parties and over the subject matter of this cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this order by the Utah Supreme Court.

7. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 16th day of December, 2004.

**STATE OF UTAH
BOARD OF OIL, GAS AND MINING**

By: 
W. Allan Mashburn, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing "Findings of Fact, Conclusions of Law and Order" for Docket No. 2004-021, Cause No. 256-01 to be mailed with postage prepaid, this 17th day of December, 2004, to the following:

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